

# HOUSE BILL No. 1212

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 8-1-8.9.

**Synopsis:** Net metering for alternate energy facilities. Provides standards for the interconnection of a net metering facility with an electric utility's distribution system. Provides that a net metering facility is eligible for interconnection if the facility: (1) produces electricity from solar, wind, or water resources; (2) has a nameplate capacity of two megawatts or less; (3) is located on the customer's premises; and (4) is used primarily to offset the customer's electricity requirements. Requires an eligible customer and the electric utility to execute a standard interconnection agreement before interconnection may occur. Requires an electric utility to offer net metering to eligible customers not later than the first monthly billing cycle that begins after June 30, 2004. Allows an electric utility to limit the total nameplate capacity of all net metering facilities interconnected with its system to 1% of the electric utility's most recent summer peak load. Allows an electric utility to isolate certain net metering facilities if the electric utility determines that continued interconnection creates or contributes to a system emergency. Specifies meter configurations and billing procedures for net metering customers. Requires an electric utility to submit an annual net metering report to the utility regulatory commission (IURC).

**Effective:** Upon passage.

**Dvorak**

January 13, 2004, read first time and referred to Committee on Commerce and Economic Development.



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Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## HOUSE BILL No. 1212

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A BILL FOR AN ACT to amend the Indiana Code concerning utilities and transportation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 8-1-8.9 IS ADDED TO THE INDIANA CODE AS  
2       A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON  
3       PASSAGE]:

4       **Chapter 8.9. Interconnection and Net Metering for Customer**  
5       **Owned Generating Facilities**

6       **Sec. 1. The general assembly finds that a simplified**  
7       **interconnection and net metering program for net metering**  
8       **facilities would:**

- 9           (1) encourage private investment in renewable and clean  
10          energy resources;  
11          (2) stimulate economic growth in Indiana;  
12          (3) encourage energy independence and security; and  
13          (4) enhance the diversification of Indiana's energy resources.

14       **Sec. 2. This chapter applies to:**

- 15          (1) an electric utility that is subject to the jurisdiction of the  
16          commission; and  
17          (2) a net metering facility that is interconnected with a

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distribution facility of an electric utility described in subdivision (1).

Sec. 3. As used in this chapter, "customer" means a person, firm, company, corporation, municipality, or governmental agency that agrees, orally or otherwise, to pay for electric service provided by an electric utility.

Sec. 4. As used in this chapter, "electric utility" means a public utility (as defined in IC 8-1-2-1) or a municipally owned utility that owns, operates, or manages an electric plant.

Sec. 5. As used in this chapter, "eligible customer" means a customer that owns and operates a net metering facility that:

- (1) has a nameplate capacity of two (2) megawatts or less;
- (2) is located on the eligible customer's premises; and
- (3) is used primarily to offset all or part of the eligible customer's own electricity requirements.

Sec. 6. As used in this chapter, "interconnection" means a physical connection that:

- (1) connects a net metering facility with a distribution facility of an electric utility; and
- (2) is designed to allow the ongoing parallel operation of the net metering facility after the connection.

Sec. 7. As used in this chapter, "interconnection equipment" means a group of components connecting a net metering facility with a distribution facility of an electric utility. The term includes interface equipment, including switchgear, inverters, or other interface devices.

Sec. 8. As used in this chapter, "nameplate capacity" means the full load continuous rating of an electric generator under conditions specified by the manufacturer.

Sec. 9. As used in this chapter, "net metering" means a measurement of the difference between the electricity that is supplied by an electric utility to an eligible customer and the electricity that is supplied back to the electric utility by the eligible customer.

Sec. 10. As used in this chapter, "net metering facility" means an arrangement of equipment for the production of electricity from:

- (1) solar thermal or photovoltaic sources; or
- (2) wind or water resources.

Sec. 11. As used in this chapter, "parallel operation" means an operational design that:

- (1) involves:

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(A) a net metering facility;

(B) interconnection equipment; and

(C) a distribution facility of an electric utility; and

(2) allows the instantaneous flow of electrical energy to automatically occur in either direction across the interconnection point between the net metering facility and the electric utility's distribution facility.

**Sec. 12.** As used in this chapter, "system emergency" means a condition that affects an electric utility's distribution system and that is reasonably likely to result in any of the following:

(1) A significant disruption of service to a customer.

(2) A substantial deviation from a normal service standard.

(3) An endangerment to life or property.

**Sec. 13. (a)** Subject to subsection (c), an electric utility shall offer net metering to all eligible customers in the electric utility's assigned service area under IC 8-1-2.3.

(b) An electric utility shall make net metering available to eligible customers not later than the first full monthly billing period that begins after June 30, 2004. Not later than June 1, 2004, the electric utility shall submit to the commission for approval one (1) of the following:

(1) A net metering tariff that complies with the requirements of this chapter, if:

(A) the electric utility does not have a net metering tariff on file with the commission on April 1, 2004; or

(B) the electric utility has a net metering tariff on file with the commission on April 1, 2004, but the filed tariff does not comply with the requirements of this chapter.

(2) If an electric utility has a net metering tariff on file with the commission on April 1, 2004, and the filed tariff complies with the requirements of this chapter, a sworn statement to that effect.

(c) An electric utility may limit the total nameplate capacity of all net metering facilities interconnected with the electric utility's distribution system to one percent (1%) of the electric utility's most recent summer peak load. An electric utility that establishes the total capacity limit allowed under this subsection shall enter into standard interconnection agreements, as required by section 14 of this chapter, with eligible customers on a first come, first served basis.

(d) An electric utility shall distribute annually, without request, to each applicant for service and to each existing customer a

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pamphlet that:

(1) informs the applicant or customer of the availability of net metering to eligible customers; and

(2) generally describes, in language easily understandable to a layperson, the electric utility's net metering program.

An electric utility may include the information required under this subsection in a pamphlet published and distributed under 170 IAC 4-1-18.

Sec. 14. (a) An eligible customer must execute a standard interconnection agreement with an electric utility before the eligible customer's net metering facility may be interconnected with the distribution system of the electric utility. The agreement must be on a form prescribed by the electric utility and approved by the commission under subsection (b).

(b) Not later than June 1, 2004, an electric utility shall submit to the commission for approval a standard interconnection agreement for net metering facilities. An agreement submitted under this subsection must require an eligible net metering customer to provide, at a minimum, the following information and certifications:

(1) The name of the eligible net metering customer.

(2) The location of the net metering facility.

(3) The type and power source of the net metering facility.

(4) The size or inverter power rating of the net metering facility.

(5) The manufacturer and model number of the inverter.

(6) A description of the electrical installation of the inverter and associated electrical equipment.

(7) Underwriters Laboratories (UL) certification that the net metering facility satisfies the testing requirements of the most recent version of UL Standard 1741.

(8) Certification or other proof that the net metering facility conforms to:

(A) the most recent versions of the National Electrical Code and the Indiana Electrical Code;

(B) the most recent version of the Institute of Electrical and Electronic Engineers (IEEE) Standard 929; and

(C) any applicable local building code.

(9) Proof of qualified installation of the net metering facility. Certification by a licensed electrician constitutes acceptable proof under this subdivision.

(10) Proof of liability insurance that meets the requirements

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of section 20 of this chapter.

(11) A statement signed by the eligible customer that the eligible customer agrees to install, operate, and maintain the net metering facility in accordance with the manufacturer's suggested practices for the safe, efficient, and reliable operation in parallel to the electric utility's distribution system.

(c) If an eligible customer executes a standard interconnection agreement that includes the information and certifications required under subsection (b), an electric utility may not require the eligible customer to do any of the following:

(1) Except as provided in section 16 of this chapter, install additional controls.

(2) Perform or pay for additional tests, except for any of the following:

(A) An annual test in which the eligible customer's net metering facility is disconnected from the electric utility's system to ensure that the net metering facility stops delivering electricity to the grid.

(B) A manufacturer recommended testing.

(3) Purchase additional liability insurance.

Sec. 15. (a) An electric utility has the right to inspect an eligible customer's net metering facility at any time before or after interconnection of the net metering facility to the electric utility's system if:

(1) the electric utility's standard interconnection agreement includes a provision reserving to the electric utility the right of inspection; and

(2) the electric utility conducts the inspection at a reasonable hour and with reasonable prior notice to the eligible customer.

(b) If upon inspection under subsection (a), the electric utility determines that:

(1) a net metering facility does not comply with any standard or code described in section 14(b)(7) or 14(b)(8) of this chapter; and

(2) the noncompliance adversely affects the safety or reliability of the electric utility's system;

the electric utility may require immediate disconnection of the net metering facility from the electric utility's system. A determination under subdivision (1) or (2) that results in a disconnection is subject to verification by the commission.

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(c) An electric utility may not charge an eligible customer for the cost of an initial inspection performed before the interconnection of the net metering facility to the electric utility's system.

Sec. 16. (a) This section applies to a net metering facility that has a nameplate capacity that is greater than ten (10) kilowatts.

(b) An electric utility may isolate a net metering facility if the electric utility determines that continued interconnection with the net metering facility creates or contributes to a system emergency. A system emergency that results in the discontinuance of an interconnection is subject to verification by the commission. As necessary to exercise the discretion granted by this section, and subject to approval by the commission, the electric utility may require an eligible customer to install an interface disconnect switch that is immediately accessible to the electric utility at all times.

Sec. 17. (a) If not already present, one (1) of the following net metering configurations shall be installed by the electric utility on the eligible customer's premises to record the net kilowatt hours to be charged or credited to the eligible customer under section 18 of this chapter:

(1) One (1) main watt-hour meter capable of measuring net kilowatt hours.

(2) One (1) main watt-hour meter measuring kilowatt hours to the eligible customer and one (1) watt-hour meter measuring kilowatt hours to the electric utility. The reading from the meter measuring kilowatt hours to the electric utility shall be subtracted from the main meter measuring kilowatt hours to the eligible customer to obtain net kilowatt hours for billing purposes under section 18 of this chapter.

(b) The electric utility may, at its own expense, install additional metering equipment to measure the output of the net metering facility.

(c) Except as provided in subsection (b), the eligible customer shall reimburse the electric utility for any interconnection costs reasonably incurred by the electric utility. The extent to which interconnection costs may be assessed against an eligible customer shall be determined in accordance with general tariff provisions and appropriate schedules concerning the extension and connection of electric service to the electric utility's retail customers with similar load characteristics. However, the electric utility may not impose a separate:

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1 (1) interconnection fee; or  
 2 (2) charge for an eligible customer's request to participate in  
 3 the electric utility's net metering program;  
 4 that does not represent reimbursement of the electric utility's  
 5 reasonably incurred interconnection costs.

6 (d) An eligible customer approved for interconnection with an  
 7 electric utility's system shall affix to each meter installed on the  
 8 eligible customer's premises a standard warning sign that:

- 9 (1) is approved by the commission; and  
 10 (2) notifies utility personnel of the existence of the net  
 11 metering facility and the net metering facility's parallel  
 12 operation with the electric utility's system.

13 Sec. 18. (a) As used in this section and section 19 of this chapter,  
 14 "credit" refers to the amount of excess of kilowatt hours that are:

- 15 (1) delivered by an eligible customer to an electric utility, over  
 16 the amount of kilowatt hours delivered by the electric utility  
 17 to the eligible customer, during a particular monthly billing  
 18 period; and  
 19 (2) eligible to be carried over to the next succeeding monthly  
 20 billing period.

21 (b) An electric utility shall use the following procedures to  
 22 determine an eligible customer's monthly bill:

23 (1) Charges, rates, monetary credits, and adjustments must be  
 24 in accordance with the electric utility's tariffs and rules that  
 25 would apply, based on the eligible customer's rate class, to the  
 26 eligible customer if the eligible customer did not participate  
 27 in net metering.

28 (2) The electric utility shall measure the difference between  
 29 the amount of electricity delivered by the electric utility to the  
 30 eligible customer and the amount of electricity generated by  
 31 the eligible customer and delivered to the electric utility  
 32 during the monthly billing period, in accordance with normal  
 33 metering practices.

34 (3) If the kilowatt hours delivered by the electric utility to the  
 35 eligible customer exceed the kilowatt hours delivered by the  
 36 eligible customer to the electric utility during the monthly  
 37 billing period, the electric utility shall bill the eligible  
 38 customer for the kilowatt hour difference at the rate that  
 39 would apply to the eligible customer if the eligible customer  
 40 did not participate in net metering.

41 (4) If the kilowatt hours delivered by the eligible customer to  
 42 the electric utility exceed the kilowatt hours delivered by the

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electric utility to the eligible customer during the monthly billing period, the eligible customer:

(A) shall, subject to subdivision (6), be billed for the appropriate customer charges during the monthly billing period; and

(B) shall be credited in the next succeeding monthly billing period for the kilowatt hour difference.

Except as otherwise provided by the commission in a rule adopted under section 19 of this chapter, to the extent that a credit is carried over to the next succeeding monthly billing period and not used by the eligible customer in that monthly billing period, any remaining amount of the credit carried over reverts to the electric utility and may not be carried over to subsequent months.

(5) Except as otherwise provided by the commission in a rule adopted under section 19 of this chapter, if an eligible customer's participation in a net metering program is terminated:

(A) at the eligible customer's own election;

(B) for any reason allowed under:

(i) the standard interconnection agreement; or

(ii) section 15 or 16 of this chapter; or

(C) for any other reason approved or ordered by the commission;

unused credit at the time of termination reverts to the utility.

(6) The electric utility may not require the eligible customer to pay additional standby or capacity charges or other fees and charges for the operation of the eligible customer's net metering facility.

Sec. 19. (a) As used in this section, "annualized period" means:

(1) a period of twelve (12) consecutive monthly billing periods, beginning with the first full monthly billing period after an eligible customer's net metering facility is interconnected with the electric utility's system and is generating electricity; or

(2) a twelve (12) month period that:

(A) begins and ends on specific calendar dates designated by the commission; and

(B) applies to all eligible customers participating in a net metering program subject to the jurisdiction of the commission.

(b) The commission may adopt rules to prescribe the allocation of an eligible customer's credits that remain unused at any of the

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following times:

- (1) The end of each monthly billing period.
- (2) The end of each annualized period.
- (3) The date an eligible customer's participation in a net metering participation is terminated for a reason described in section 18(b)(5) of this chapter.

(c) In a rule adopted under this section, the commission may do any of the following:

- (1) Notwithstanding section 18(b)(4) of this chapter, allow unused eligible customer credits to accumulate and be carried over to more than one (1) subsequent monthly billing period.
- (2) Require a particular allocation of part or all of the unused credit, or designate a particular use of part or all of the unused credit, including any of the following allocations or uses:

(A) In a case in which:

- (i) an eligible customer's participation in an electric utility's net metering program is being terminated for any reason other than the eligible customer's noncompliance with the standard interconnection agreement or an applicable code, standard, rule, or law; and
- (ii) the eligible customer will remain a customer of the electric utility;

allocation of all or part of the unused credit to the eligible customer's account with the electric utility under a new service arrangement.

(B) Allocation of all or part of the unused credit to the electric utility. In determining whether to require that all or part of the unused credit be allocated to the electric utility under this clause, the commission shall consider the existing and future demands on the electric utility's system and the ability of the system to provide safe and reliable electric service to all customer classes.

(C) Allocation of all or part of the unused credits to low income customers of the electric utility.

(D) Any other allocation or use that is:

- (i) agreed to by the eligible customer and the electric utility;
- (ii) set forth in the standard interconnection agreement or an amendment to the standard interconnection agreement; and

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(iii) approved by the commission.

**Sec. 20. (a) An eligible customer operating a net metering facility shall maintain homeowners, commercial, or other insurance providing coverage in the amount of at least one hundred thousand dollars (\$100,000) for the liability of the insured against loss arising out of the operation of the net metering facility. An electric utility may not require an eligible customer to:**

**(1) obtain liability insurance with coverage higher than the minimum coverage specified in this section; or**

**(2) purchase additional liability insurance if the eligible customer's existing policy provides coverage against loss arising out of the operation of the net metering facility by virtue of not explicitly excluding coverage for such a loss.**

**(b) An electric utility and an eligible customer shall indemnify and hold the other party harmless from and against all claims, liability, damages, and expenses, including attorney's fees, based on an injury that:**

**(1) is suffered by a person, including loss of life or damage to property, including loss of use of the property; and**

**(2) arises out of, results from, or is connected with an act or omission by the other party in the other party's construction, ownership, operation, or maintenance of any facilities used in net metering.**

**Sec. 21. If an electric utility and an eligible customer are unable to agree on a matter concerning net metering, the electric utility or the eligible customer may submit a complaint to the commission in accordance with the procedures for customer complaints under 170 IAC 4-1-17.**

**Sec. 22. (a) This section applies to a year beginning after December 31, 2004.**

**(b) On or before March 1 of each year, an electric utility shall file a net metering report with the commission. A net metering report filed under this section must include the following information:**

**(1) The total number of eligible net metering customers with one (1) or more net metering facilities interconnected with the electric utility's system.**

**(2) The total number of net metering facilities interconnected with the electric utility's system.**

**(3) A breakdown of the total number of net metering facilities identified under subdivision (1) into different classes of facilities, based on the type or power source of the net**

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metering facility.

(4) Within each category identified under subdivision (3), a breakdown of the net metering facilities by the size or inverter power rating of the net metering facility.

(5) Within each category identified under subdivision (3), the total amount of energy generated by the net metering facilities, if such information is available.

(6) The number of new eligible customers interconnected with the electric utility's system during the most recent calendar year.

(7) The number of eligible customers that, for any reason, ceased participation in the electric utility's net metering program during the most recent calendar year.

Sec. 23. The commission may adopt rules under IC 4-22-2 to implement this chapter.

SECTION 2. An emergency is declared for this act.

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